



**CITY OF RYE, NEW YORK  
FINANCE COMMITTEE MINUTES**

**June 6, 2005 – 7:30 p.m. – Employees' Lounge, City Hall**

Present: Norm MacMaster, David Mullane, Jono Peters, George Pratt, and Sal Samperi;  
City staff liaison Michael Genito.

Absent: Michael Caponiti, Fred Dunn, City Council liaison Franklin Chu

Guests: None

Update on Proposed City Occupancy Tax

Michael Genito reported that the City Council in a special session earlier this month adopted a home rule message that should finalize the proposed City occupancy tax legislation. At that special session, Mayor Otis advised that the State Legislature would most likely consider the proposed legislation for a vote shortly after their receipt of our home rule message.

Discussion re "Citizens Tax Bill" Project

Michael Genito advised the Committee of a project under development by the City's Finance Department to make the information on the City's property tax bills easier to understand by the average property taxpayer. He noted that a press release would be issued and a website launched to seek public input when the first draft version of the revised bill was complete, most likely within the next two weeks. He further noted that the information on the tax bill must conform to New York State Real Property Tax Law (both in what is included and what must be excluded); the cost/benefit of software modifications, and the inherent limits of presenting information on standard letter-size paper.

Several members of the Committee commented that this was a very worthy project that went beyond what anyone could expect in terms of transparency and communicating information to a taxpayer. The Committee complimented the City's Finance Department for their work on this project and the positive approach taken to make the tax bill more useful to citizens.

Update on Proposed Real Estate Transfer Tax

Michael Genito referred to his memo of April 22, 2005 and his e-mail of May 4, 2005, which outlined suggested language to a proposed City real estate transfer tax.

- After considerable discussion, the Committee agreed that they would not support a City real estate transfer tax. While the revenues that could be generated are substantial (a 1% tax on \$200 million of annual property sales would generate \$2 million per year), the Committee could not support the tax because the tax: 1) is a "stealth tax"; 2) effectively and inappropriately reduces the public's participation and consent by removing at least a portion of the capital asset funding process from the annual budget process; 3) creates the possibility that the tax proceeds will inappropriately be used to supplant, rather than enhance, annual funding for capital assets; 4) is an additional burden for those property

owners who upgrade their living arrangements by selling one home in Rye to purchase another of greater value in Rye; 5) the communities in New York State that currently have a tax are communities in financial difficulty, so it is unlikely that the City of Rye, with a Aaa rating, would be approved, and 6) several communities have already applied for such a tax this year, and all have failed passage due to the State's reluctance to allow such a tax.

The Committee asked Michael Genito to prepare a memo to the City Manager, memorializing the results of their research and conclusions.

#### Developing a Popular Budget Report

David Mullane reported that due to scheduling conflicts, the Popular Budget Report sub-committee (David Mullane, Michael Caponiti, and Norm MacMaster) could not meet to further develop concepts and issues. After some discussion, David stated that they would have a report for the July 11<sup>th</sup> Committee meeting.

#### Financial Trends Report

The Committee agreed to review and consider changes to the Financial Trends Report at the July 11<sup>th</sup> Committee meeting. Jono Peters asked all members to download and review a copy of the 2003 Financial Trends Report (<http://www.ryeny.gov/finance/Reports/finrpts.htm>), and have their comments and suggested changes, if any, available for discussion at the July 11<sup>th</sup> meeting. Michael Genito noted that the 2004 Financial Trends Report will be presented to the City Council in August, so the July meeting will be the last opportunity to incorporate any suggested changes into that report.

#### July Meeting Agenda

Jono Peters recommended that the July meeting be cancelled if the Popular Budget Report sub-committee did not have a report and the majority of Committee members did not have substantive changes to suggest for the Financial Trends Report.

As usual, Michael Genito will send out a Committee meeting reminder a few days prior to the July meeting. Jono can make a decision as to whether or not to cancel the July meeting based on the responses to the meeting reminder from Committee members.

#### Visitors and Guests

David Mullane noted that the Chief Economist (Domestic) of Morgan Stanley would be an excellent person to invite as a guest to engage in discussion with the Committee on a variety of issues and topics. The Committee encouraged David to invite him to a future meeting, and agreed that invitations should be extended to anyone who would be willing to attend a meeting and participate in the Committee's discussions or projects.

#### Change in Starting Time for Future Finance Committee Meetings

The Committee agreed that future Finance Committee meetings would start at 7:00 p.m., rather 7:30 p.m., until further notice. As much as possible, meetings should be kept to one hour or less.

### Future Finance Committee Agenda Items

The following items will be included in 2005 Finance Committee agendas:

- ❖ Development of a policy on the use of variable rate debt.
- ❖ Philosophical discussion as to when debt should be issued.
- ❖ Recommendation of a change in New York State law to increase the maximum maturity of bond anticipation notes from five years to the probable period of usefulness ("PPU") of the underlying assets.
- ❖ Discussion regarding annual budget calendar.

### Next Finance Committee Meeting

The next regular meeting of the Finance Committee is scheduled for Monday, July 11, 2005 at **7:00 p.m.** in the Employees' Lounge of City Hall.

### Adjournment

Having no further business, the meeting adjourned at 8:30 p.m.

Respectfully submitted,

Michael A. Genito